



United States
Department of
Agriculture

Farmers
Home
Administration

Washington
D.C.
20250

FmHA AN No. 1834 (1955)

December 15, 1988

SUBJECT: Leasing of Inventory Farm Property

TO: State Directors and District Directors

ATTENTION: Farmer Programs Chiefs

PURPOSE/INTENDED OUTCOME:

The purpose of this Administrative Notice (AN) is to outline the policies and procedures for managing and leasing acquired farm properties.

COMPARISON WITH PREVIOUS AN:

This AN replaces AN No. 1667, "Leasing of Inventory Farm Property," dated November 6, 1987, which expired September 30, 1988, and AN No. 1683, "Crop Shares Lease Payments," dated November 30, 1987, which expired October 31, 1988.

IMPLEMENTATION RESPONSIBILITIES:

Section 1955.66 of FmHA Instruction 1955-B, states that leasing may be used as a management tool when it is clearly in the best interest of the Government. This means that a farm will be leased only when it can be determined that the lease is clearly in the Government's best financial interest. This decision will be made by the State Director on a case by case basis. Attachment 1 of this AN is provided as a guide in analyzing the financial cost/benefits of leasing a farm, but you may also use other worksheets to reflect this analysis.

THE ABOVE DETERMINATION DOES NOT APPLY IN THE FOLLOWING SITUATIONS:

1. Farms will be leased to previous owners, spouse and/or child(ren) of the former owner, entity members (if the previous owner was an entity) or operators (lessee), in accordance with the leaseback/buyback program, as set forth in Section 1951.911(a) of FmHA Instruction 1951-S, without regard to leasing costs.

EXPIRATION DATE: September 30, 1989

FILING INSTRUCTIONS:
Preceding FmHA
Instruction 1955-B



Farmers Home Administration is an Equal Opportunity Lender.
Complaints of discrimination should be sent to:
Secretary of Agriculture, Washington, D.C. 20250

1834(1955)

In addition, for inventory farms that have been leased on a crop share agreement, County Supervisors are to make a written determination that they have verified the crop yield and that FmHA has received its entitled share of the crop income. This determination will be documented in each individual inventory farm file.



LA VERNE AUSMAN
Acting Administrator

Attachment

Sent via electronic mail on Dec. 20 at 11:00pm by ASD(IMPS). A copy of this unnumbered memorandum will be duplicated by the District Directors and distributed to the County Offices. State Directors will immediately distribute to Farmer Programs Chiefs and other appropriate personnel.

INVENTORY FARM LEASE DETERMINATION WORKSHEET

This worksheet is to be used only to determine whether or not leasing an inventory farm is in the Government's best interest, as specified in FmHA Instruction 1955-B. All costs and income should be calculated on an annual basis.

Property ID# _____ Period of Lease _____
Formerly owned by: _____

A. ANTICIPATED INCOME FROM AGRICULTURAL LAND

1) crop acres _____ x rental rate/acre _____ = _____
2) percent crop _____ *estimated value _____ = _____
share
3) pasture units _____ x rental rate/unit _____ = _____
4) other _____ x rental rate/unit _____ = _____
describe other
5) TOTAL (A1+A2+A3+A4) _____ = _____
*document on reverse

B. ESTIMATED GOVERNMENT LEASING COST

*1) Total Deficiency Payments _____
*2) Total Diversion Payments _____
3) Prorated Costs of
Conservation Practices _____
4) Management Fees _____
5) Annual Land Maintenance _____
6) Other Costs/Fees _____
7) Total (B1+B2+B3+B4+B5+B6) _____

C. ESTIMATED COSTS

: IF NOT LEASED
: 1) Prorated Costs of
: Conservation
: Practices
: 2) Annual Land _____
: Maintenance
: 3) Management _____
: Fees
: 4) TOTAL _____
: (C1+C2+C3)
:

*From Form CCC-4776,
obtained from ASCS

D. SUMMARY

1) NET INCOME (A5-B7) _____ 2) COSTS IF NOT LEASED
(C4)

_____ Line D1 is larger than D2, leasing is in the best
financial interests of the Government.

_____ Line D2 is larger than D1, leasing will result in
a net cost, the farm will not be leased.

Prepared by _____
name/title

Date _____